



City of Long Beach

Working Together to Serve

Memorandum

Date: June 22, 2016

To: Mayor and Members of the City Council

From: Patrick H. West, City Manager *PWest*

Subject: Percent for Public Art Program

Background

On January 26, 2016, the City Council requested the City Manager to report back on the feasibility of establishing a Percent for Public Art policy as an ongoing funding source for the development of public art throughout the City. Staff has researched various aspects of this topic, including the history of public art programs and funding strategy efforts in the City, and a national and state best practice scan.

The information provided within highlights our current support for arts and culture, shares findings from surveys and best practices, and summarizes the financial analysis necessary to provide recommendations for sustained public arts funding.

History

Historically, the City funded arts and culture from both the General Fund and the Special Advertising and Promotions Fund (SAP). The main recipients of the City's arts funding have been the Public Corporation for the Arts (PCA) – now the Long Beach Arts Council (LBAC), and the Long Beach Museum of Art. The LBAC is a non-profit organization that promotes, advocates for, and helps fund the arts in Long Beach.

In 1989, the Redevelopment Agency (RDA) adopted a formal Percent for Public Art program. Administration of the program was handled by LBAC. The program was limited to only RDA projects with 1 percent of the total cost of a capital project dedicated to the creation of public art or cultural facilities. The 1 percent was mandated through a contractual agreement between the RDA and the developer, which was ultimately paid for through increased subsidies by the RDA.

In 2001, City staff was tasked with updating the Percent for Public Art program in an effort to include all development projects throughout the City. The proposal to update the ordinance was not supported by the development community which felt the additional fees would hurt the economic viability of projects when added to the myriad other development fees required by the City and County. Thus, the effort to update the ordinance was eventually suspended.

The last update to the Percent for Public Art program was in 2006. The changes imposed were minimal, and the RDA projects remained the only areas where a percent of construction cost contributed to the creation of public art. As a part of the 2011 Budget Act, the California Legislature approved the dissolution of the state's RDAs, which brought an end to the City's Percent for Public Art program.

In addition to the management of the Percent for Public Art program, the LBAC has, since its inception, received significant annual funding from the City for grant giving, administration and arts programming through an annual contract. In March 2003, the City implemented a Financial Strategic Plan to reduce the deficit, which proposed significant reductions in funding for the arts over a three-year period. As a result of the projected cuts, a 17-member Community Arts Funding Strategy Task Force (Task Force) was commissioned and charged with developing a long-term funding solution for arts and culture in Long Beach. The Task Force held six meetings and two community workshops. In addition, they worked with a consultant to compile a report on best practices from across the country. As a result of their efforts, the Task Force proposed a long-term, multi-faceted, funding plan that included public and private sources. Some of the recommendations included General Fund support, utilizing transient occupancy tax increases (requires 2/3 voter approval to be dedicated), pursue an admissions tax on all arts, sports and entertainment events to be dedicated (requires a 2/3 voter approval), and/or establishment of an Arts Initiative Funding Committee – to raise funds and advocate for tax measures. In the end, the recommendations put forth by the Task Force were never adopted by City Council.

In March 2010, the City Council voted to establish the Mayor's Blue Ribbon Committee (Committee) on Arts and Culture Funding. Similar to the 2003 Task Force, the Committee was tasked with identifying additional sources of funding for the arts to replace or supplement General Fund investments by the City. The Committee suggested new taxes, fundraising events, voluntary utility bill donations, and other solutions. During the height of the recession, the City Council chose not to move forward with any of the recommendations presented by the Committee.

It should be recognized that outside of the Percent for Art program funded by the RDA, the RDA also expended millions in public art projects. These included murals, structures, art pieces, banners, utility boxes, fencing, public art and exhibits.

Current Support

Even with the dissolution of the RDA and the Percent for Public Art program, the City has a rich history of supporting the arts, and continues to do so today through the General Fund budget. This support is in the form of ongoing structural budgetary funds allocated to the LBAC at \$444,730 annually. In FY 16, at the Mayor's recommendation, the City Council chose to further invest in the arts. They approved a budget with an additional \$50,000 for the LBAC's marketing purposes, and an additional \$150,000 in support for the Long Beach Museum of Art. In addition to the support provided to the LBAC, many other City departments allocate funding for arts and culture. All contributions are outlined in the table below:

FY 16 One-Time Contributions:

Project/Program	Budget/Cost (\$)
Long Beach Museum of Art	\$ 150,000.00
Long Beach Arts Council (Challenge Grant)	\$ 50,000.00
Be SAFE*	\$ 213,000.00
Annual purchase of specialized art books for the Miller Room	\$ 5,703.00
SUB TOTAL:	\$ 418,703.00

Annual Contributions:

Project/Program	Budget/Cost (\$)
Long Beach Arts Council	\$ 444,730
Homeland Cultural Center	\$ 237,220
Municipal Band	\$ 330,000
Mural Restoration	\$ 20,000
Rancho Los Cerritos	\$ 499,945
Rancho Los Alamitos	\$ 499,945
Summer Concerts	\$ 48,000
Houghton Digital Academy	\$ 45,804
Contract Classes related to art/music/etc.	\$ 880,133
Nature Center Classes	\$ 21,635
Adaptive Program*	\$ 85,914
Arts Specialty Day Camp	\$ 128,826
Youth Afterschool/Fun Day Arts & Crafts*	\$ 2,153,940
Senior Arts, Crafts, Music programs*	\$ 254,637
Annual purchase of art books/materials	\$ 50,000
Annual purchase of music CDs for adults	\$ 16,000
Annual purchase of music CDs for children Book Clubs	\$ 7,500
Live performances at Library events	\$ 17,500
Summer Reading Club programs	\$ 25,000
National Library Month programs	\$ 12,000
Film series	\$ 8,500
SUB TOTAL:	\$ 5,787,229

Contribution Frequency	Totals
One Time Contributions	\$ 418,703
Annual Contributions	\$ 5,787,229
TOTAL FY 16 ARTS SUPPORT:	\$ 6,205,932

**Arts is a Component of Overall Program*

In 2015, the City became an urban canvas for art, music and culture with the arrival of “POW! WOW!” Murals were created across the City, from apartment buildings to businesses and streets. The privately sponsored event was a success in the community, and highlighted the importance and desire the City has to continue its support of arts and culture. The event is again being held in Long Beach for 2016, with support from the LBAC, Long Beach Museum of Art, and the Long Beach Convention and Visitors Bureau.

Research

Over the last few months, staff has researched and analyzed myriad public art programs across the country, covering a breadth of culturally and economically diverse regions. In addition, a majority of California cities were surveyed. Our findings are summarized in Attachment A.

The research included 30 of the nation’s largest cities, 26 of which had a Percent for Public Art program. All but one of the cities with an existing program contributed a percent of municipal construction projects to public art. Conversely, very few required private development contributions.

In surveying 73 California cities, a majority did not have a Percent for Public Art program. Of the cities that did have a program, there was fairly equal distribution between those that required private development contributions, public, and both.

Conversely, almost all of the nation’s largest cities have public support for art programs. Although their methods of fundraising for public art projects differ, it can be observed that both private and public sources are a common characteristic among thriving programs.

Capital Program Funding

Taking a portion of a capital project budget or utilizing the City’s Capital Funds can provide ongoing funding for public art. Using these sources in the City can be challenging due to the many restrictions placed on the uses of these funds. Outlined below are the various Capital Funds in the City and their uses:

Fund	Source	Use/Restrictions
General Capital	General Fund Revenue, Upland Oil, State & County Grants	Can be used on any City capital project (with restrictions for State and County funding)
Tidelands	Tidelands Oil Revenue	Restricted to use in the Tidelands Area
Gas Tax Street Improvement	Apportioned under the State	Restricted to street-related projects
Transportation	Proposition A, Proposition C, Measure R, and AB 2766	Restricted to transportation-related projects

Enterprise Funds, such as Gas, Airport, and Water have capital sub-funds, but this money is reserved solely for capital projects related to their Departments and cannot be utilized for purposes outside of this scope.

When considering Capital Funds for supporting the arts, it is important to understand the wide fluctuation of capital money. These funds can change drastically from year to year depending on the health of the economy along with other factors. Due to the unreliability of these funds, they should not be used to sustain ongoing arts and culture operating programs, but are better utilized for public art installations or one-time support of the arts.

Staff conducted a thorough analysis of the City's Capital Improvement Plan (CIP) and General Capital Fund Budget over the last ten fiscal years. The average CIP over that span was \$58,355,256, the average General Capital Fund expenditures was \$14,055,553. If the City were to adopt a one percent for public art policy using either CIP or General Capital Fund dollars, the contribution towards arts and culture annually would be \$583,582 or \$140,555, respectively.

Development Impact Fee

The City charges a number of development impact fees as a requirement of development. Development impact fees are a commonly used method of collecting a proportional share of funds from new development for infrastructure improvements and other public facilities to offset the impact of new development. Pursuant to the Mitigation Fee Act, California Government Code Section 66000, et seq. (also known as AB 1600), adoption of impact fees requires documentation of the "nexus" or linkage between the fees being charged, the benefit of the facilities to mitigate new development impacts, and the proportional cost allocation. It is essential to also include an economic feasibility analysis as a part of an Impact Fee Nexus Study so that any impact fee program appropriately balances the need to accommodate development impacts without creating a disincentive for real estate investment.

An Arts Impact Fee could be a possible option to provide ongoing funding for arts and culture. Currently, the City charges four development impact fees: a Public Safety Fee, which is divided between the Police and Fire Departments; a Park Impact Fee, which supports the Parks, Recreation, and Marine Department; a Traffic Impact Fee, which supports the Public Works Department; and a Sewer Capacity Impact Fee, which supports the Water Department. In addition, the Long Beach Unified School District has a separate Impact Fee that is charged to new development. Based on preliminary data from a City consultant, the City is in the top 50 percent of the highest impact fees among the following cities: Anaheim, Culver City, Huntington Beach, Irvine, Los Angeles, San Diego, San Jose, Santa Monica, and Torrance.

In order to fully grasp the potential effect an Arts Impact Fee would have on the business and development climate, and to ensure that Long Beach remains competitive and able to meet the City's goals for additional development and redevelopment, a nexus study would be required. The nexus study would review the additional fee burden an Arts Impact Fee would have on future development opportunities, and would ensure the legality of the fee, if it were to be adopted by the City Council.

Next Steps

In the fall, staff plans to build upon the research that has already been conducted and return to the City Council with clear, succinct and realistic recommendations for a public arts program in the City. These will include:

- Further analysis and specific recommendations on a percent for the arts for General Capital projects
- Further review of the concept of an admissions fee to support the arts
- Further review of the funding restrictions of non-General Capital funds and the options for funding arts-related projects within those funding sources
- Further review of the Development Impact Fee concept, its potential funding capacity and the impact on the development climate

We look forward to working closely with the arts community to arrive at recommendations that can inform the City Council on options for providing a feasible ongoing funding source for public art in the City.

Included with this report is a copy of "Creative City" a history of public art in Long Beach through 1987 – 2012, commissioned by the Long Beach Redevelopment Agency.

If you have questions or comments, please contact Tom Modica, Assistant City Manager, at (562) 570-5091.

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ATTACHMENT

CC: TOM MODICA, ASSISTANT CITY MANAGER
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PERCENT FOR ART SCAN RESULTS

TOP 30 U.S. CITIES

PERCENT FOR ART PROGRAM RESULTS

Of the top 30 cities researched for this scan, 26 currently have a Percent for Public Art program, or 86 percent. Among those who did not were Louisville, KY, Boston, MA, Detroit, MI, and Indianapolis, IN.

PUBLIC VS. PRIVATE CONTRIBUTIONS

96 percent of cities with a percent for art program contributed a percent of the total cost of constructing or renovating municipal buildings and public spaces for public art. Only Philadelphia, PA, required solely private development to contribute a percent for public art, whereas 11 percent of cities have both public and private percent contribution programs.

PUBLIC ARTS FUND VS. COMMISSIONED ART

34 percent of the programs researched required the percent of development costs to be contributed to a public art fund that would be utilized to fund public art, art education, arts and culture programming, and Arts administration. Conversely, 30 percent of the cities researched required the percent of construction costs to go towards commissioning public art on or near the development site.

CALIFORNIA CITY SURVEY

PERCENT FOR ART PROGRAM RESULTS

A survey was sent to nearly all California cities asking whether or not they have a percent for art program. Of the cities sent the survey, 75 responded. 44, or 58 percent of those cities surveyed did not have a percent for public art program.

PUBLIC VS. PRIVATE CONTRIBUTIONS

Of the 36 percent of respondents who did have a percent for public art program, 14 percent required a percentage of construction costs to be contributed toward public art for all development in the city. Likewise, 14 percent only required a percent contribution from public capital improvement projects. Whereas, 18 percent required a percent contribution from private development projects within the city.

TOP 30 U.S. CITY PERCENT FOR ART SCAN

CITY	PERCENT FOR ART PROGRAM: Y/N	FUNDING SOURCE: PRIVATE/PUBLIC
NEW YORK CITY, NY	Y	PUBLIC
LOS ANGELES, CA	Y	PUBLIC/PRIVATE
CHICAGO, IL	Y	PUBLIC
HOUSTON, TX	Y	PUBLIC
PHILADELPHIA, PA	Y	PRIVATE
PHOENIX, AZ	Y	PUBLIC
SAN ANTONIO, TX	Y	PUBLIC
SAN DIEGO, CA	Y	PUBLIC/PRIVATE
DALLAS, TX	Y	PUBLIC
SAN JOSE, CA	Y	PUBLIC
AUSTIN, TX	Y	PUBLIC
JACKSONVILLE, FL	Y	PUBLIC
SAN FRANCISCO, CA	Y	PUBLIC/PRIVATE
INDIANAPOLIS, IN	N/A	N/A
COLUMBUS, OH	Y	PUBLIC
FORT WORTH, TX	Y	PUBLIC
CHARLOTTE, NC	Y	PUBLIC
DETROIT, MI	N/A	N/A
EL PASO, TX	Y	PUBLIC
SEATTLE, WA	Y	PUBLIC
DENVER, CO	Y	PUBLIC
WASHINGTON, D.C.	Y	PUBLIC
MEMPHIS, TN	Y	PUBLIC
BOSTON, MA	N/A	N/A
NASHVILLE-DAVIDSON, TN	Y	PUBLIC
BALTIMORE, MD	Y	PUBLIC
OKLAHOMA CITY, OK	Y	PUBLIC
PORTLAND, OR	Y	PUBLIC
LAS VEGAS, NV	Y	PUBLIC
LOUISVILLE-JEFFERSON CO., KY	N/A	N/A